

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SAM-01 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 0000

INFO AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY PARIS

USEC BRUSSELS 0830

USCINCEUR

USNATO 426

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 2664

C O R R E C T E D C O P Y FOR TEXT

E.O. 11652 GDS

TAGS: PGOV, SP

SUBJECT: THE FIRST FOUR MONTHS OF THE ARIAS GOVERNMENT: A POLITICAL
OVERVIEW

REF MADRID 2051 (NOTAL)

1. PRIMARY ATTENTION OF GOVERNMENT OF PRESIDENT CARLOS ARIAS
NAVARRO, IN ITS FIRST FOUR MONTHS, HAS BEEN DIRECTED TOWARD
NATIONAL PROBLEMS INHERITED FROM SHORT-LIVED CARRERO BLANCO
GOVERNMENT, SUCH AS INFLATION, INTERNAL SECURITY, EDUCATIONAL
REFORM, AND HOW TO DEAL WITH PRESSURES FOR POLITICAL LIBERALIZATION.
MAINTENANCE OF ECONOMIC GROWTH WITH MONETARY STABILITY IS
RECOGNIZED AS FOREMOST CHALLENGE, THOUGH ONE OVER WHICH SPAIN
ITSELF CANNOT FIND ANSWERS ALONE. NEW GOVERNMENT HAS SPENT
MUCH OF ENERGY OF KEY MINISTERS TRYING TO COPE WITH RISING
INFLATION, WHILE MAINTAINING ADEQUATE LEVEL EMPLOYMENT AND
ECONOMIC ACTIVITY. ALTHOUGH THERE ARE MANY COMPLAINTS ABOUT
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EXCESSIVE RISE IN COST-OF-LIVING, THIS SO FAR HAS NOT LED

TO ANY SERIOUS POPULAR UNREST OR CHANGE
IN SPANIARDS' CONSUMPTION STYLE. MAN IN THE STREET ACTS --
AND BUYS -- AS IF HE STILL REASONABLY CONFIDENT IN SPAIN'S
ECONOMIC FUTURE. GOVERNMENT'S RECENT BEHAVIOR LEAVES NO DOUBT
IT AWARE OF SERIOUS POLITICAL DANGERS IN ECONOMIC SITUATION.
PUBLIC STATEMENTS OF ARIAS NAVARRO AND FIRST VICE PRESIDENT
GARCIA HERNANDEZ STRESS THAT TOUGH ECONOMIC PROBLEMS ARE NOT
PECULIARLY SPANISH, BUT EUROPE-WIDE, AND SPAIN CANNOT EXPECT
TO ESCAPE THEIR IMPACT.

2. CABINET HAS MAINTAINED ESSENTIAL UNITY DESPITE SOME
STRAINS OVER HANDLING OF CONFRONTATION WITH CHURCH AND APPROACH
TO ECONOMIC POLICY, STRONG FIGURES WHO HAVE EMERGED FAIRLY
EARLY IN CABINET AND HIGH GOVERNING CIRCLES ARE MINISTER OF
INTERIOR GARCIA HERNANDEZ, WHO SPEAKING OUT ON VARIETY ON
NON-SECURITY ISSUES; MINISTER OF PRESIDENCY CARRO MARTINEZ,
WHOSE PROXIMITY TO PRESIDENT ARIAS GIVES HIM CONSIDERABLE
INVOLVMENT IN GENERAL DECISION-MAKING; FINANCE MINISTER BARRERA
DE IRIMO, WHO MAKING FULL USE OF HIS MANDATE TO COORDINATE
ALL ECONOMIC MINISTRIES; AND LT. GENERAL DIEZ-ALEGRIA, WHO
REPORTED TO HAVE EARNED ARIAS' CONFIDENCE QUICKLY AND NOW IMPOR-
TANT ADVISOR ON FOREIGN AFFAIRS AS WELL AS MILITARY MATTERS.
MOST VOCAL PROPONENT OF LIBERALIZATION, AND PROBABLY CABINET'S
MOST CONTROVERSIAL MEMBER, IS INFORMATION MINISTER PIO CABANILLAS.
IN GENERAL, NEW GOVERNMENT HAS NOW FILLED MOST SECOND AND THIRD
LEVEL POSTS WITH COMPETENT MEN, MANY OF WHOM TAKE TECHNICAL
RATHER THAN POLITICAL VIEW OF PROBLEMS. AT THIS RELATIVELY
EARLY STAGE, LEADERSHIP QUALITY OF ARIAS GOVERNMENT -- IN
ABSENCE OF FRANCO'S CLOSE DIRECTION -- STILL FORMING AND
MATURING, AND, WITH EXCEPTION OF PRESIDENT ARIAS' FEB 12
SPEECH AND CABANILLAS' STATEMENTS LEADERSHIP TENDS TO ESCHEW
POLITICAL DRAMATICS.

3. HAVING COME TO POWER AS RESULT OF ASSASSINATION OF CARRERO
BLANCO, ARIAS NAVARRO AND HIS COLLABORATORS HAVE, NOT SURPRISINGLY
GIVEN HEAVY ATTENTION AT OUTSET TO INTERNAL SECURITY AND PUBLIC
ORDER. PRESUMED ASSASSINS OF CARRERO BLANCO HAVE YET TO BE
ARRESTED, ALTHOUGH GOVERNMENT HAS STEPPED UP VIGILANCE IN BASQUE
AREA AND NAVARRE AND INCREASED ARRESTS OF BASQUE EXTREMISTS.
THERE HAVE ALSO BEEN FREQUENT ARRESTS OF OTHER POLITICAL
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EXTREMISTS, SUCH AS COMMUNISTS AND ANARCHISTS, WHICH GOVERNMENT
CAREFULLY PUBLICIZING. MINISTER OF INTERIOR GARCIA HERNANDEZ,
CLEARLY ONE OF STRONG MEN IN CABINET, HAS REORGANIZED MINISTRY,
ENLARGED AND REORGANIZED DGS AND POLICE FORCE, PROPOSED PAY
INCREASES FOR POLICE, STRENGTHENED AUXILIARY POLICE, AND PUSHED
NEW BANK SECURITY MEASURES. GOVERNMENT'S CONCERN FOR PUBLIC
ORDER, AND ITS SENSITIVITY TO PRESSURES FROM RIGHT-
WING GROUPS, EXPLAIN DECISION TO EXECUTE CONVICTED ANARCHIST

MERDERER PUIG ANTICH. IN MAKING THIS DECISION, GOVERNMENT EVIDENTLY CONSIDERED PRESUMED PUBLIC CONCERN WITH LAW AND ORDER TO OUTWEIGH PRESSURES FOR MODERATION FROM FOREIGN COUNTRIES AND LIBERAL DOMESTIC ELEMENTS. SOME OBSERVERS WITHIN GOVERNMENT SEE SOME RISK FOR ADMINISTRATION IN STAKING SO MUCH ON ISSUE OF LAW AND ORDER AS THEY ARE CONVINCED THAT URBANIZATION AND OTHER SOCIOLOGICAL FACTORS WILL CONTINUE TO STIMULATE A RAPID RISE IN CRIME RATE DESPITE GOVERNMENT'S BEST EFFORTS.

4. EVEN SO, DESPITE DISPLAYS OF FIRMNESS TOWARD DISORDER, NEW GOVERNMENT HAS SHOWN TENDENCY TO VACILLATE IN FACE OF STRONG DISPLAYS OF DETERMINATION BY INTEREST GROUPS. IT BACKED DOWN FROM ITS INITIAL STAND TOWARDS CATHOLIC CHURCH IN ANOVEROS CONTROVERSY AND REVERSED ITS INITIAL DECISIONS TO INCREASE FUEL COSTS FOR FISHING FLEET AND TO HOLD LINE ON MILK PRICES FOLLOWING WELL-ORGANIZED CAMPAIGNS BY FISHING AND DAIRY INTERESTS. BUSINESS INTERESTS ALSO REPORT THAT GOVERNMENT HAS ADOPTED TOLERANT ATTITUDE WITH RESPECT TO LABOR DEMANDS FOR INCREASED WAGES. ALTHOUGH SPAIN LACKS FREE TRADE UNIONS WHICH COULD MOBILIZE WORKERS TO DEFEND ECONOMIC DEMANDS, GOVERNMENT ATTITUDE TOWARDS OFFICIALLY-SPONSORED SYNDICATES HAS BEEN CHARACTERIZED BY DESIRE TO AVOID ANY SERIOUS LABOR SHOWDOWNS WHICH MIGHT SLOW ECONOMIC DEVELOPMENT. WITHOUT SAYING SO, GOVERNMENT SEEMS TO HAVE OPTED FOR RELATIVE LABOR PEACE AT COST OF INCREASED INFLATION.

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ACTION EUR-25

INFO OCT-01 ISO-00 SAM-01 CIAE-00 DODE-00 PM-07 H-03

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8754

INFO AMEMBASSY LISBON

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5. FOLLOWING ARIAS' PROGRAMMATIC SPEECH FEB 12, GOVERNMENT BATHED IN EUPHORIA GENERATED BY EXTENSIVE PROMISE OF INCREASED POLITICAL PARTICIPATION FOR MORE ECONOMIC AND SOCIAL JUSTICE. TWO MAJOR PROPOSALS TO CORTES MADE BY PRESIDENT, A NEW LAS ON LOCAL GOVERNMENT AND A LAW ON INCOMPATIBILITY OF SIMULTANEOUS JOB HOLDING IN EXECUTIVE AND LEGISLATURE BRANCHES, ARE NOT DUE UNTIL END OF MAY AND JUNE RESPECTIVELY. AT SAME TIME, ALTHOUGH THERE HAS BEEN EXTENSIVE DISCUSSION OF ISSUES OF POLITICAL PARTICIPATION AND ASSOCIATIONS, WHICH ARIAS ALSO PROMISED, GOVERNMENT HAS YET TO DRAW UP INITIAL DRAFTS ON HOW THESE GOALS WILL BE MET. FREQUENT REPORTS INDICATE ARIAS IS PROCEEDING CAUTIOUSLY BECAUSE HE LACKS STRONG PERSONAL CONVICTION ABOUT NEED FOR ASSOCIATIONS AND IS UNCERTAIN HOW TO FOLLOW THROUGH ON PROMISE WITHOUT PROVOKING FRANCO'S VETO. THIRD VICE PRESIDENT AND MINISTER OF LABOR DE LA FUENTE AND MINISTER OF SYNDICATES FERNANDEZ SORDO, TWO OUTSPOKEN MEMBERS OF CABINET, HAVE GENERATED CONSIDERABLE INTEREST AND PRESSURE FOR ESTABLISHMENT OF HORIZONTAL SYNDICAL CRAFT ASSOCIATIONS AND MORE REALISTIC TREATMENT
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OF LABOR DISPUTES AND STRIKES. OBSERVERS ARE CLOSELY FOLLOWING GOVERNMENT'S FULFILLMENT OF ITS OWN PROMISES AND WILL CONSIDER OUTCOME AS YARDSTICK FOR OVERALL EVALUATION OF ITS PERFORMANCE.

6. ALTHOUGH HIGHLY POLITICIZED SECTORS, SUCH AS LABOR, INTELLECTUALS, OPPOSITION, MEDIA REPRESENTATIVES, AND OTHERS ARE ANXIOUS TO SEE PROGRESS TOWARDS BROADER POLITICAL PARTICIPATION, THERE IS NO GROUND-SWELL SUPPORTING THESE ASPIRATIONS AMONG LARGELY DEPOLITICIZED RANK-AND-FILE. MOREOVER, RIGHT-WING GROUPS OPPOSED TO BROADER POLITICAL PARTICIPATION AND MANY MEDIA COMMENTATORS HAVE BEEN QUICK TO EXPLOIT NEWS OF POLITICAL INSTABILITY IN TRADITIONAL WESTERN DEMOCRACIES AS EVIDENCE OF DANGERS AHEAD.

7. NEW MINISTER OF EDUCATION MARTINEZ ESTERUELAS HAS BEEN ONLY CABINET LEADER SO FAR TO INTRODUCE SIGNIFICANTLY NEW PROGRAM. BESIDES EARLY DECISION TO RETURN UNIVERSITIES TO TRADITIONAL CALENDAR, HE HAS DRAFTED AND PROPOSED A LAW WHICH WOULD INTRODUCE A SELECTIVE ADMISSIONS SYSTEM. WHILE GENERALLY ACKNOWLEDGED AS NECESSARY IN SOME FASHION OR ANOTHER, PROPOSAL HAS ALREADY CAUSED STUDENTS, SOME LABOR GROUPS AND FAMILY ASSOCIATIONS, AND MANY SECONDARY AND PREP SCHOOL INTERESTS TO MOBILIZE AGAINST IT.

8. NEW CABINET, LACKING STRONG MEMBER IN FOREIGN AFFAIRS OR STRATEGIC AREAS IS PROCEEDING CAUTIOUSLY AND UNDRAMATICALLY IN FOREIGN AFFAIRS. BREAD AND BUTTER INTERNATIONAL ECONOMIC ISSUES HAVE BEEN GIVEN PRIORITY ATTENTION WHILE POPULAR BUT LARGELY SYMBOLIC ISSUES SUCH AS GIBRALTAR HAVE BEEN PLAYED DOWN. SINCE FIRST OF YEAR SPANISH HAVE CHOSEN TO EITHER TREAT ROUTINELY OR IGNORE US SHIP VISITS AND AIRCRAFT INCURSIONS AT GIBRALTAR AND TO TAKE IN STRIDE GIBRALTAR SMUGGLING INCIDENT THAT NORMALLY WOULD HAVE BEEN STRONGLY PROTESTED TO UK. THERE ARE CONTINUING INDICATIONS THAT SPAIN IS GIVING LESS PRIORITY THAN FORMERLY TO INTEGRATION INTO EUROPE. BESIDES DISILLUSIONMENT OVER ECONOMIC AND POLITICAL INTEGRATION AS MANIFESTED BY EEC IN RECENT MONTHS, SPANIARDS SEE LESS REASON WHY THEY SHOULD ADJUST THEIR POLITICAL INSTITUTIONS TO TYPE OF STANDARDS WHICH THEY HAVE OBSERVED IN WESTERN EUROPE DURING THE SAME PERIOD. THERE IS CORRESPONDINGLY INCREASED INTEREST IN STRENGTHENING TIES WITH US, WHICH DEMANDS NO POLITICAL PRECONDITIONS, AND WITH WEALTH ARAB OIL STATES. ONE CONSEQUENCE OF BISHOP ANOVEROS' CONFIDENTIAL

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CONTROVERSY HAS BEEN FULL RECOGNITION BY BOTH CHURCH AND STATE THAT 1953 CONCORDAT WITH VATICAN MUST BE PROFOUNDLY REVISED AS EARLY AS POSSIBLE.

9. CONSISTENT WITH ANNOUNCED EMPHASIS ON LIBERALIZATION, ARIAS AND HIS MINISTER FOR INFORMATION AND TOURISM, PIO CABANILLAS, HAVE PROMISED MORE LIBERAL PUBLIC INFORMATION POLICY. ACCORDING TO MEDIA REPRESENTATIVES, THERE HAS BEEN NOTABLE REDUCTION IN CENSORSHIP, THOUGH CONTROLS WERE TEMPORARILY TIGHTENED DURING MARCH CONFLICT WITH CHURCH, ADN PRESS IS CRITICIZING GOVERNMENT WITH CONSIDERABLE CANDOR. WORTH NOTING IS FACT THAT SPANISH TV FOR FIRST TIME REPORTED LIVE A PRESIDENTIAL SPEECH ALONG WITH SUBSEQUENT LIVE INTERVIEW WITH FOREIGN CORRESPONDENTS EVALUATING SPEECH. NEW APPOINTMENTS IN MINISTRY OF INFORMATION AND TOURISM HAVE ALSO INCLUDED YOUNG MEN WHO SUPPORT LIBERAL INTERPRETATION OF PRESS LAW ORIGINALLY DRAFTED IN MID-60S BY CURRENT MINISTER. EFFORTS TO GAIN SYMPATHY FOR REGIME AMONG DISSIDENT INTELLECTUALS ARE CONTINUING, THOUGH THEY HAVE MET SOME SKEPTICISM.

10. ARIAS NAVARRO BEGAN AS PRESIDENT MAKING SERIES OF PUBLIC APPEARANCES, EVIDENCING SAME APPROACH OF FRIENDLY ACCESSIBILITY HE USED SO WELL AS MAYOR. HOWEVER THOUGH HE HAS SINCE MADE SEVERAL CEREMONIAL APPEARANCES, HIS PUBLIC EXPOSURE IS MUCH LESS THAN FORMERLY. FIRST FOUR MONTHS OF THE NEW GOVERNMENT HAVE PASSED WITH FRANCO INCREASINGLY LESS VISIBLE. ALTHOUGH HE CONTINUES TO CHAIR WEEKLY CABINET MEETINGS AND TO HOLD WEEKLY AUDIENCES WITH MILITARY AND CIVILIAN LEADERS, HE HAS BEEN INVOLVED IN RELATIVELY FEW PUBLIC ACTIVITIES. OBSERVERS ASCRIBE NEW GOVERNMENT'S

DIFFICULTIES WITH THE CHURCH OVER ANOVEROS CASE AND ITS
VACILLATION ON SEVERAL DECISIONS TO ABSENCE OF FRANCO'S
PRUDENT HAND. DESPITE SOME EARLY INDICATIONS OF DISCOMFORT WITH
ARIAS GOVERNMENT ON PART OF PRINCE JUAN CARLOS, WHO PLAYED
VIRTUALLY NO PART IN ITS SELECTION, PRINCE HAS REASSUMED
LARGE SHARE OF REPRESENTATIONAL DUTIES. REPORTEDLY, HOWEVER,
PRINCE'S FOREIGN TRAVEL HAS NOW BEEN REDUCED BECAUSE OF CONCERN
FOR HIS SECURITY AND FEELING HE SHOULD BE CLOSEBY IN CASE
OF EMERGENCIES, THOUGH THERE ARE NO INDICATIONS OF IMMINENT
DETERIORATION OF FRANCO'S HEALTH.
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